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REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, JULY 06, 2022

SUBJECT **Future Housing Priorities and Partnerships**

ISSUE SUMMARY

To provide the Hospitals and Housing Committee with options for consideration regarding future priorities and partnerships to address unmet housing needs in the capital region.

BACKGROUND

Launched in 2016, the Regional Housing First Program (RHFP) is a partnership between the Capital Regional District (CRD) and federal and provincial governments to address the needs of households in need of affordable housing and those experiencing homelessness in the region. With a total capital fund of \$120 million (M), the RHFP is expected to support up to 2,000 affordable rental units, with up to 400 of those units having rents set at the income assistance shelter rate. Overall, the program is anticipated to leverage the development of approximately \$600M in capital development. The RHFP is anticipated to be fully allocated by the end of 2022.

The CRD Corporate Plan 2019 - 2022 includes initiative 1a-4: Determine continuation of housing supply program beyond RHFP implementation. Initially, this work was scheduled to take place in 2020, but was deferred by the Board when the RHFP was increased to \$120M and extended to 2022.

The attached white paper, *Future Housing Priorities and Partnerships in the Capital Region*, provides an overview of current challenges and presents options for the next opportunity to address unmet need related to housing affordability and homelessness through innovation, partnership and cross-sectoral collaboration (see Appendix A).

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Regional District (CRD) Board:

1. That the CRD Board endorse the *Future Housing Priorities and Partnerships in the Capital Region*; and
2. That staff be directed to proceed with development of a Program Framework and identification of funding partnership contributions to address unmet housing needs in the capital region based on the priorities identified in *Future Housing Priorities and Partnerships in the Capital Region*.

Alternative 2

That the *Future Housing Priorities and Partnerships* report be referred back to staff for additional information based on Hospital and Housing Committee direction.

IMPLICATIONS

Intergovernmental Implications

Housing affordability and homelessness are complex policy problems that require innovation, cross-sectoral collaboration and partnerships with other levels of government. Although details have yet to be announced, new and revitalized federal programs, such as the new Housing Accelerator Fund, a third round of the Rapid Housing Initiative and potential reopening of the Affordable Housing Innovation Fund, as well as initial discussions with federal colleagues, suggest potential opportunities for future partnerships. While a specific provincial funding program is not currently open to support a partnership, early discussions with the Province indicate interest, should opportunities present. A new partnership could also help the provincial government achieve its target of building 114,000 units by 2027.

Social Implications

The capital region, like many communities across Canada and around the world, continues to experience challenges related to escalating cost of housing, affordability and homelessness. Demand is particularly strong in the rental system, especially affordable rental units. Data suggests a continued trend of low vacancies in the lower price quartiles and high rates of core housing needs for renters.

While insufficient supply is a contributing factor to the increasing cost of housing, low mortgage rates, increasing upper-middle class incomes, investor buyers and accumulated equity are also key factors. Investor buyers and repeat purchasers make up the majority of homebuyers, many of which have accumulated significant equity from rising home prices. Research suggests the importance of building the *right* supply, rather than the quantity alone.

Some residents and communities in the region face distinct challenges, including: people with complex needs who are experiencing homelessness, and people in small and rural areas of the region. People with complex needs do not always fit into the current supportive housing model. The current healthcare system is also challenged to provide appropriate support. As a result, people with complex needs fall through the cracks. In response, the BC Urban Mayors caucus has actively advocated creation of appropriate housing and supports for people with complex needs¹. A distinct approach is required to address the needs of people who have overlapping mental-health challenges, substance-use issues, trauma and acquired brain injuries and who may experience or be at greater risk of homelessness.

Discussions of challenges associated with preserving, acquiring and developing housing are often in relation to larger, urban centres. However, many rural and remote communities experience distinct and urgent needs. Rural homelessness is difficult to measure, as it is often more hidden, with more people living temporarily with friends or family or living in abandoned or overcrowded buildings. Housing affordability challenges have been experienced in many rural and remote communities. Recent assessed property values increased across the region, but particularly in smaller communities where value estimates rose by up to 35%². A distinct approach, including specific tools, resources and supports, is required to meet the needs of rural and remote communities.

¹ [BC Urban Mayors make renewed and urgent call to implement complex care housing solutions - BC Urban Mayors' Caucus \(bcurbanmayorscaucus.ca\)](https://www.bcurbanmayorscaucus.ca)

² [Vancouver Island 2022 Property Assessments in the Mail \(bcassessment.ca\)](https://www.bcassessment.ca)

Financial Implications

The CRD's \$40M commitment toward the RHFP was financed through the Land, Banking and Housing function of the CRD (\$25.5M), the Capital Regional Hospital District (\$10M) and the Capital Region Housing Corporation (\$4.5M). This funding was matched by the provincial government through the Provincial Investment in Affordable Housing (PIAH) Program and the Community Housing Fund. A further \$40M in matching funds was also invested by the federal government through the Canada Mortgage and Housing Corporation's Affordable Housing Innovation Fund under the National Housing Strategy. In total, this innovative partnership created a total of a \$120M capital program.

As noted, a future funding opportunity in the region will require partnership with other levels of government, including potential grants. Detailed financial modeling will take place in 2023, including exploration of funding contributions, consideration of financial models and funding mechanisms, development of a proposed budget, cost implications, eligibility criteria, roles and responsibilities of funding partners, and plans for monitoring and reporting.

Service Delivery Implications

The CRD currently provides a number of services that could support and complement a new funding program to acquire land and/or housing and address the unique needs of underserved households such as those with complex needs and in rural communities.

- **Regional Housing:** includes planning, construction and operation of housing services, as well as administration of the RHFP and federal Reaching Home program.
- **Real Estate Services:** strategically manages appraisal, acquisition and disposal of real property interests.
- **Capital Regional Hospital District:** partners with Island Health and community stakeholder agencies to develop and improve healthcare facilities in the region and provide capital funding for infrastructure such as acute care, residential care and hospital equipment.
- **Administration and delivery of local services in electoral areas:** Southern Gulf Islands Housing Strategy includes a recommendation to explore the potential for a CRD Rural Housing Program that takes into consideration the unique characteristics of rural communities.

Operational Implications

Opportunities have been identified through research, analysis and engagement with internal CRD staff and municipal, provincial and federal stakeholders, including the Regional Housing Advisory Committee. Recommended interventions for future consideration include:

- **Acquisition fund** to increase and preserve the supply of affordable rental and create future redevelopment opportunities, purchase of shovel-ready developments or acquire land for development of affordable housing;
- **Rural Housing Strategy** to increase, preserve and broaden the supply of affordable housing in small and rural communities, recognizing the need to approach housing solutions in rural communities with different assumptions than those used for conventional housing interventions in growing urban regions; and
- Increase the supply of **housing with supports for people with complex needs** currently not adequately supported by the traditional model as a compliment to new provincial Complex Care Housing initiative.
- Explore opportunities to **advocate to senior levels of government** on the opportunities for partnerships on the identified interventions presented through this document; and

- **Share efforts on continuing to explore these intervention areas with interested municipalities** to ensure that any future housing supply program reflects the diversity of needs and opportunities across the capital region.

This work, if endorsed by the CRD Board, will take place starting in Q1 2023 and will form the basis of a framework identifying a potential housing supply program that positions the CRD to further engage senior government partners.

Regional Growth Strategy Implications

The priorities identified in the attached white paper acknowledge the need for a broad range of affordable housing types and forms in urban and rural areas. The priorities support objectives identified in the 2018 CRD Regional Growth Strategy, including:

- Objective 3.1: Goal Create Safe and Complete Communities
- Objective 3.2: Improve Housing Affordability

Alignment with Board & Corporate Priorities

The priorities outlined in the attached white paper align with the following CRD Board priority:

Community Wellbeing – Transportation & Housing: The CRD Board will advocate, collaborate and form partnerships to address the affordable housing and transportation needs of the region's diverse and growing population.

The 2019-2022 CRD Corporate Plan also includes initiative 1a-4: Determine continuation of housing supply program beyond RHFP implementation.

Alignment with Existing Plans & Strategies

In 2018, the CRD Board approved an updated Regional Housing Affordability Strategy (RHAS).

The priorities outlined in the attached white paper align with goals identified in the RHAS:

- Build the right supply of housing across the spectrum.
- Sustain a shared regional response to existing and emerging housing demand.
- Protect and maintain existing non-market and market rental housing stock.
- Develop and operationalize a regionally coordinated housing and homelessness response.
- Create community understanding and support for affordable housing developments.

CONCLUSION

The attached white paper provides an overview of current challenges and presents options for the next opportunity to address unmet need related to housing affordability and homelessness through innovation, partnership and cross-sectoral collaboration. Subject to Board endorsement, staff will continue to develop the recommended options and return with a detailed proposal for a Program Framework and business case.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Regional District (CRD) Board:

1. That the CRD Board endorse the *Future Housing Priorities and Partnerships in the Capital Region*; and
2. That staff be directed to proceed with development of a Program Framework and identification of funding partnership contributions to address unmet housing needs in the capital region based on the priorities identified in *Future Housing Priorities and Partnerships in the Capital Region*.

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Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT

Appendix A: Future Housing Priorities and Partnerships in the Capital Region